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THE EFFECT OF SHARIA FINANCIAL LITERACY ON INTEREST IN SAVING IN INDONESIAN ISLAMIC BANKS AMONG THE MILLENNIAL GENERATION IN 2026

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ABSTRACT

The Islamic financial literacy has become an important factor in supporting the development of the Islamic banking industry in Indonesia. The increasing accessibility of information regarding Islamic financial products and services has not been fully accompanied by a corresponding increase in the utilization of Islamic banking products by the public, particularly among the millennial generation. This condition indicates a gap between the level of public understanding and financial behavior in utilizing Sharia-based financial services. This study aims to analyze the influence of Islamic financial literacy on the saving interest of millennials in Bank Syariah Indonesia (BSI) in 2026. The study employed a quantitative approach using a survey method, with data collected through questionnaires designed based on indicators of Islamic financial literacy and saving interest. Islamic financial literacy was measured through respondents' understanding of Sharia principles, banking contracts, profit-sharing systems, and knowledge of BSI products and services. Meanwhile, saving interest was measured through respondents' tendencies to choose, use, and recommend Islamic savings products. The findings indicate that Islamic financial literacy has a positive effect on the saving interest of millennials. A comprehensive understanding of the operational mechanisms of Islamic banking enhances public trust and encourages individuals to place their funds in financial institutions that operate in accordance with Islamic principles. The results of this study suggest that strengthening financial education and Islamic financial literacy programs can serve as a strategic effort to expand Islamic financial inclusion and reinforce the position of Bank Syariah Indonesia as a preferred financial institution among the younger generation.

INTRODUCTION-Heading 1 (Calibri, 12, Bold, Align Left, UPERCASE)

The development of the Islamic banking industry in Indonesia shows an increasingly positive trend from year to year. This is marked by the increasing number of Islamic financial institutions, the variety of products offered, and government support in strengthening the national Islamic economic and financial ecosystem. As a country with the largest Muslim population in the world, Indonesia has enormous potential in the development of the Islamic financial sector. This potential is supported by the increasing level of Islamic financial literacy and inclusion, which continues to be the focus of the development of the national financial services sector (Keuangan, 2024, 2023). One of the strategic efforts made to strengthen the industry is through the establishment of Bank Syariah Indonesia (BSI) which is the largest Islamic bank in Indonesia. The presence of BSI is expected to be able to increase the competitiveness of Islamic banking and expand public access to financial services in accordance with sharia principles.

Although the development of Islamic banking shows good growth, the level of utilization of Islamic banking products and services by the public is still not optimal. This condition can be seen from the low level of use of sharia-based financial products and services compared to the level of Islamic financial literacy of the Indonesian people. Many people are familiar with the basic concept of Islamic finance, but have not made Islamic financial institutions the main choice in carrying out financial activities. This phenomenon shows that there is a gap between the level of knowledge and people's behavior in using Islamic financial products. This gap is a challenge for the Islamic banking industry in increasing the number of customers and expanding the percentage of markets controlled by Islamic banks amid competition with conventional financial institutions. According to (Huston, 2010), financial literacy does not only include financial knowledge, but also the ability of individuals to apply this knowledge in financial decision-making. Therefore, a high level of literacy is not necessarily followed by optimal use of financial products.

One of the community groups that has great potential in supporting the development of Islamic banking is the millennial generation. The millennial generation is a productive age group that has adaptive characteristics to technological and information developments. Easy access to information allows this generation to gain a wide range of knowledge about financial products and services, including Islamic banking products. Widayati (2012) explained that access to information and financial education play an important role in increasing the financial understanding of the younger generation so as to influence their financial behavior in the future. In addition, the millennial generation is also the main user group of digital banking services that are currently being developed by Bank Syariah Indonesia. However, the high use of digital technology is not necessarily followed by an adequate understanding of the principles of Islamic finance. This low understanding can influence the millennial generation's decision in choosing financial institutions to use to store and manage funds.

Theoretically, Islamic financial literacy is an individual's ability to understand, manage, and make financial decisions based on Islamic sharia principles. Islamic financial literacy includes an understanding of the basic concepts of Islamic economics, contracts in Islamic financial transactions, profit-sharing systems, prohibitions of usury, gharar, and maysir, as well as various products and services offered by Islamic financial institutions. Setiawati et al. (2018) stated that Islamic financial literacy includes the knowledge, ability, and beliefs of individuals in understanding and using financial products and services in accordance with sharia principles .Individual who have a good level of Islamic financial literacy tend to understand the benefits and characteristics of Islamic banking products more easily so that they have a higher level of trust in Islamic financial institutions. This trust can ultimately affect a person's interest in using the products and services provided by Islamic banks. The findings of Rahim, Rashid, and Hamed (2016) show that the higher the level of Islamic financial literacy of a person, the more positive his attitude towards the use of Islamic banking services.

Interest in saving is a person's tendency to save some of the funds they have in a certain financial institution. According to Chen and Volpe (1998), a good level of financial knowledge will help individuals in choosing financial products that suit their financial needs and goals. In the context of Islamic banking, interest in saving is influenced by various factors, such as the level of knowledge, trust, service quality, ease of access to services, and the suitability of products to customer needs. Consumer behavior theory explains that the knowledge that individuals have about a product will influence attitudes and decisions taken. The higher a person's level of understanding of a product, the greater the likelihood of that individual using the product in question. Therefore, Islamic financial literacy is seen as one of the factors that has an important role in shaping people's interest in saving in Islamic banking institutions. The results of Suryani's research (2017) show that Islamic financial literacy has a positive relationship with people's decisions in using Islamic financial products, including savings products in Islamic banks.

Based on this description, the main problem in this study is that there is still a gap between the level of Islamic financial literacy and the level of use of Islamic banking services, especially among the millennial generation. To answer these problems, efforts are needed to increase public understanding of Islamic financial concepts and products through sustainable education programs. This study was conducted to analyze the influence of Islamic financial literacy on interest in saving at Bank Syariah Indonesia among the millennial generation in 2026. The results of the research are expected to contribute to the development of Islamic economic and financial studies and become a consideration for Bank Syariah Indonesia in formulating strategies to increase literacy and the use of Islamic financial services among the younger generation.

METHODS

This study uses a quantitative approach with a survey method. The quantitative approach was chosen because the research aims to measure the level of Islamic financial literacy and interest in saving in Islamic banks objectively based on data obtained from respondents. The research will be carried out in 2026 with the target of the millennial generation between the ages of 20 and 40 years.

The population in this study is the millennial generation who have knowledge about Islamic banking services. The sampling technique uses purposive sampling, which is the selection of respondents based on certain criteria that are in accordance with the purpose of the research. The number of respondents who successfully filled out the questionnaire was 41 people.

Primary data was obtained through the distribution of questionnaires online using Google Form. The research instrument consisted of questions about the characteristics of respondents, the level of Islamic financial literacy, and interest in saving in Islamic banks. Indicators of Islamic financial literacy include understanding the differences between Islamic banks and conventional banks, understanding sharia principles, understanding the profit-sharing system, and understanding the benefits of saving in Islamic banks. Meanwhile, indicators of interest in saving include interest in saving, plans to open or maintain an Islamic bank account, and willingness to recommend Islamic banks to others.

Data analysis was carried out descriptively by calculating the percentage of respondents' answers to each research indicator. The results of the analysis were then interpreted to illustrate the relationship between the level of Islamic financial literacy and interest in saving in Islamic banks among the millennial generation

RESULT AND ANALYSIS

Result should be presented continuously start from main result until supporting results. Unit of measurement used should follow the prevailing international system. It also allowed to present diagram, table, picture, and graphic followed by narration of them.

Respondent Characteristics

Table 1. Characteristics of Respondents by Age

Age	Present (%)
20-25 Years	90,2%
25-30 Years	4,9%

31-35 Years	4,9%
36 Years and Older	0%

Source: Primary Data Processed (2026)

Based on Table 1, it is known that the majority of respondents are in the age range of 20-25 years with a percentage of 90.2%. These results show that the research is dominated by the younger generation which belongs to the late millennial group and early Generation Z who have high access to digital information and modern financial services.

Table 2. Characteristics of Respondents by Gender

Gender	**Present (%)**
Male	24,4%
Women	75,6%

Source: Primary Data Processed (2026)

Based on Table 2, it is known that female respondents dominated the study with a percentage of 75.6%, while male respondents were 24.4%.

Table 3. Characteristics of Respondents Based on Occupation

Jobs	**Present (%)**
Students	29,3%
Civil Servant	34,1%
Private Employees	4,9%
Entrepreneurship	4,9%
Others	31,7%

Source: Primary Data Processed (2026)

The data shows that respondents come from a variety of employment backgrounds. The largest group came from civil servants at 34.1%, followed by other categories at 31.7% and students at 29.3%.

Sharia Bank Account Ownership

Table 4. Characteristics of Respondents Based on Occupation

Categories	**Present (%)**
Yes	26,8%

No	73,2%

Source: Primary Data Processed (2026)

The results showed that only 26.8% of respondents already had an Islamic bank account, while the other 73.2% did not have an Islamic bank account. This condition shows that the level of use of Islamic banking products is still relatively low even though most respondents are familiar with the concept of Islamic banks.

Sharia Financial Literacy Level

Table 5. Knowledge About the Difference Between Sharia Banks and Conventional Banks

Answer	**Present (%)**
Agree	46,3%
Neutral	48,8%
Disagree	4,9%

The majority of respondents gave neutral and agreed. These results show that most of the respondents already have a basic understanding of the difference between Islamic banks and conventional banks.

Table 6. Understanding Sharia Principles in Sharia Banks

Answer	**Present (%)**
Agree	70,7%
Neutral	26,8%
Disagree	2,5%

The percentage of agreeing which reached 70.7% shows that most respondents understand that the operations of Islamic banks are carried out based on Islamic sharia principles.

Table 7. Understanding the Revenue Sharing System

Answer	**Present (%)**
Agree	61%
Neutral	41,5%
Disagree	2,4%

These results show that the majority of respondents have known that Islamic banks use a profit-sharing system instead of interest.

Table 8. Understanding the Benefits of Saving at Sharia Banks

Answer	Present (%)
Agree	56,1%
Neutral	41,2%
Disagree	2,4%

Interest in Saving at Sharia Banks

Table 9. Interest in Saving at Sharia Banks

Answer	Present (%)
Agree	48,8%
Neutral	48,8%
Disagree	2,4%

These results show that the interest in saving in Islamic banks is in the category of being quite good. However, there are still respondents who are neutral so they need more intensive education.

Table 10. Plan to Open or Maintain an Islamic Bank Account

Answer	Present (%)
Definitely	39%
Still confused	53,7%
Choosing a Commercial Bank	7,3%

The majority of respondents are still in a position of doubt or do not have a definite decision regarding the use of Islamic bank accounts. This indicates that increasing literacy needs to continue to be carried out so that people have stronger confidence in Islamic banking products.

Table 11. Willingness to Recommend Sharia Banks

Answer	Present (%)
Agree	56,1 %
Still Thinking	31,7 %
Unprepared	12,2 %

The results show that more than half of respondents are willing to recommend Islamic banks to family and friends. This shows a positive perception of Islamic banking services.

Discussion

The results of the study show that the level of Islamic financial literacy of the millennial generation is quite good. This can be seen from the high percentage of respondents who understand sharia principles, the profit-sharing system, and the benefits of saving in Islamic banks. This understanding is an important capital in increasing Islamic financial inclusion in Indonesia.

However, the ownership rate of Islamic bank accounts is still relatively low. As many as 73.2% of respondents do not have an Islamic bank account. This condition shows that the understanding has not been fully realized in the behavior of using Islamic banking products.

The findings of the study also show that most of the respondents have an interest in saving in Islamic banks. This is reflected in the high percentage of respondents who expressed interest in saving and were willing to recommend Islamic banks to others. Thus, Islamic financial literacy can be an important factor in encouraging increased public interest in Islamic banking services.

CONCLUSION

Based on the results of the study, it can be concluded that the level of Islamic financial literacy of the millennial generation is in the category of quite good. The majority of respondents understand the basic principles of Islamic banking, the profit-sharing system, and the benefits of saving in Islamic banks. However, the level of ownership of Islamic bank accounts is still relatively low compared to the level of understanding that respondents have.

The interest in saving in Islamic banks shows a positive trend. Most respondents stated that they were interested in saving and were willing to recommend Islamic banks to others. The results of the study show that the better the Islamic financial literacy a person has, the greater his tendency to have an interest in the use of Islamic banking products

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